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JUL 13 2001

**DIVISION OF
OIL, GAS AND MINING**

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Reply to:

July 11, 2001

Vernal Office

D. Wayne Hedberg
Permit Supervisor
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West Temple Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RE: 5-year Reclamation Cost Estimate Review

Dear Mr. Hedberg,

In response to your 5-year Reclamation Cost Estimate dated April 17, 2001, Ziegler Chemical & Mineral Corp. provides the following comments.

Comments: Independent #2 mine

Zeigler does have a couple of sites that would benefit from the use of a dump truck and operator, although most of the final reclamation at the mine sites will not require the use of a dump truck. Any loose rock or waste Gilsonite that is left will be put down the old mine shafts where it originally came from. Any other debris; i.e., old wooden timbers, metal scraps, etc. will have already been hauled away and placed in a dumpster to be taken to the county landfill. However, Ziegler could leave in the line item for a dump truck and operator for each mine site. This would be in the place of a line item we suggested for a tractor-trailer and operator. The costs for a dump truck and operator are similar to that of a tractor-trailer with operator. Only one of the line items could suffice for both.

Mr. Wayne D. Hedberg
July 11, 2001
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Comments: Independent #4 mine

Since our last communication with the Division (January 2001), Ziegler has had a crane lay the Independent #4 derrick down. Some time ago when all other surface structures were removed the mine site was cleaned up and contoured. The only reclamation work left at the Ind. #4 mine is capping the collar with cement, dismantling the derrick for hauling away, and scarifying the ground for re-seeding in the fall.

Comments: Little Bonanza #8

The hand written comments for the LB-8 mine site was intended to be a reminder for Ziegler personnel. The cost for a cement cap of the LB-8 mine collar should be included.

Comments: Main #1

Ziegler needs to form and pour a cap for the mine collar. The area around the shaft has been contoured and scarified in preparation for fall re-seeding. Pouring the cement cap and re-seeding are the only things left at the Main #1 site to do.

Comments: Main #2

Ziegler Chemical proposes to drill a hole at this location. This will include the set up of an ore storage bin with a dust collector and fan. This proposal is discussed with reclamation costs attached in a separate letter to the division dated July 11, 2001.

Comments: ZI- 95-1

At the present and in the near future Ziegler does not intend to set up facilities to mine at the ZI-95-1 mine site. Ziegler has drilled extensively in this area and can find no Gilsonite veins that are large enough to mine.

Comments: Cottonwood 1 & 2, and Cottonwood #3

Ziegler Chemical requests a site inspection for possible final release of the Cottonwood #1 & #2 site as well as the Cottonwood #3 and Little Emma #7 mine site.

Mr. Wayne D. Hedberg
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Comments: Seed mix cost and suggested rates

We have enclosed a copy of two (2) price quotes, one is for the seed mix required by the Division, and the other is for fertilizer. These are the most current prices available. I am pleased to note that the prices have fallen considerably since last January.

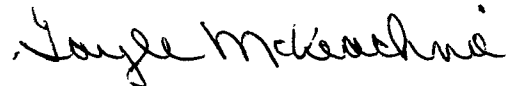
Mine Sites and Bonding Tables

The information the Division has on there Mine Site Location Table, and Mine Sites Bonding table is accurate and correct.

Thank you for the opportunity to review this 5-year reclamation cost estimate. If you have any further questions please contact us and we would be happy to respond.

Very truly yours,

McKEACHNIE, ALLRED,
McCLELLAN & TROTTER, P.C.



By: Gayle F. McKeachnie

GFM/sm

Enclosure

cc Stan Wagner, Mine Superintendent

Larry Dockery
Intermountain Farmers Assoc.
Vernal, Ut 84078
(434)-828-1602

SEED QUOTE FOR ZIEGLER CHEMICAL & MINERAL CORP.

NEWHY WHEATGRASS.....	0.5#
THICKSPIKE WHEATGRASS.....	2.0#
WESTERN WHEATGRASS.....	2.0#
INDIAN RICEGRASS.....	1.5#
LADAC ALFALFA.....	1.0#
YELLOW SWEETCLOVER.....	0.5#
PALMER PENSTEMON.....	0.5#
SMALL BURNET.....	1.0#
4-WING SALTBRUSH.....	1.0#
SHADSCALE.....	1.0#
RUBBER RABBITBRUSH.....	0.5#
FORAGE KOCHIA.....	0.5#
TOTAL.....	12.0#

\$8.40 / lb.

12.0 lb. / Acre

\$100.80 / Acre

Thanks Val
Larry D.



INTERMOUNTAIN FARMERS ASSOCIATION

P.O. BOX 30168

SALT LAKE CITY, UTAH 84130

(801) 972-2122

www.intermountainfarmers.com

PAGE NO

IFA-VERNAL (435) 781-1616

THANK YOU FOR OVER 75 YRS OF BUSINESS!

ZIEGLER CHEMICAL & MINERAL CO
STAR RT

CUST # 811060

INV #

DATE : 7/05/01

CLERK: LARRY

VERNAL UT 84078
(435) 789-3593

A finance charge is made on all past due accounts at the rate of 1 1/2% per month (18% per annum) on the unpaid balance. In the event this and/or other invoices are referred to an attorney or agency for collection, the undersigned agrees to pay all costs of collection including a reasonable attorney's fee and a finance charge of 1 1/2% per month before and after judgement.
SECURITY AGREEMENT: PURCHASER GRANTS UNTO THE SELLER A SECURITY INTEREST AND/OR LIEN ON THE BELOW PURCHASED GOODS TO SECURE PAYMENT THEREON.

TIME : 9:02

* QUOTE *

QUANTITY	UM	ITEM	DESCRIPTION	PRICE/PER	EXTENSION
12	EA	SOSEED	SPECIAL ORDER SEED (1A-1Z)	8.40 /EA	100.80

** ESTIMATE ** ESTIMATE **

TAXABLE	100.80
NON-TAXABLE	0.00
SUB-TOTAL	100.80
TAX AMOUNT	6.55
TOTAL ESTIMATE	107.35

X

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**LARRY DOCKERY
INTERMOUNTAIN FARMERS ASSOC.**

994 S. 1500 E
Vernal, Utah
84078
(435)-781-1616
(435)-781-0182 FAX

July 9, 2001

Valyn-

Here is a Quote for fertilizer to use on the seed mix you sent me.

**PASTURE BLEND: UREA.....65%
00-00-60.....25%
11-52.....10%**

I would recommend using 335 lbs. to the acre on that seed mix. That would give you 100 lbs. available nitrogen, 50 lbs. available potassium, and 17 lbs. available phosphate per acre. This would cost \$14.50 per hundred weight, so at 335 lbs. per acre it would be \$48.58 per acre. If you need us to do the application there is an additional \$3.50 per acre.

335# / Ac @ \$0.145 / # = \$48.58 / Ac

Larry Dockery



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PAGE NO 1

IFA-VERNAL (435) 781-1616

THANK YOU FOR OVER 75 YRS OF BUSINESS!

ZIEGLER CHEMICAL & MINERAL CO
STAR RT

CUST # 811060

INV #

DATE : 7/09/01

CLERK: LARRY

VERNAL UT 84078
(435) 789-3593

EXP DATE: 7/10/01

TIME : 9:08

A finance charge is made on all past due accounts at the rate of 1 1/2% per month (1 1/2% per annum) on the unpaid balance. In the event this and/or other invoices are referred to an attorney or agency for collection, the undersigned agrees to pay all costs of collection including a reasonable attorney's fee and a finance charge of 1 1/2% per month before and after judgment.
SECURITY AGREEMENT: PURCHASER GRANTS UNTO THE SELLER A SECURITY INTEREST AND/OR LIEN ON THE BELOW PURCHASED GOODS TO SECURE PAYMENT THEREON.

QUOTE #

QUANTITY	UM	ITEM	DESCRIPTION	PRICE/PER	EXTENSION
3.35	CW	21129	FERT, PASTURE BLEND BULK	14.50 /CW	48.58
** ESTIMATE ** ESTIMATE **					

TAXABLE	48.58
NON-TAXABLE	0.00
SUB-TOTAL	48.58
TAX AMOUNT	3.16
TOTAL ESTIMATE	51.74

X

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